



December 8, 2011

By email attachment followed by hand-delivered hard copy

Accounting Office  
Attn: Sonia Aldrich, Comptroller  
Town of Amherst  
4 Boltwood Ave.  
Amherst, MA 01002  
[aldrichs@amherstma.gov](mailto:aldrichs@amherstma.gov)

**Re: CPAC Proposal with respect to Olympia Oaks affordable housing development**

Dear Ms. Aldrich,

Please find attached HAP's completed CPAC Form in response to the Committee's *Call for Proposals Qualifying for CPA Funding for FY 2013*, including a development pro-forma, requesting an award of Town CPA funds for construction funding for HAP's and Valley CDC's proposed Olympia Oaks affordable housing development on Olympia Drive.

Thank you.

Sincerely,

Rudy Perkins  
Project Manager and Staff Attorney

Cc: Peter Jessop  
Nathaniel Malloy  
Roy Rosenblatt  
Joanne Campbell, Valley CDC

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**COMMUNITY PRESERVATION ACT COMMITTEE  
PROPOSAL REQUEST FORM FOR FY 13**

**DATE:** December 8, 2011

**SUBMITTING ENTITY:** HAP, Inc. (d/b/a HAPHousing)

Contact Person: Rudy Perkins, Project Manager

Contact Phone: 413-233-1726

Contact Email: [rperkins@haphousing.org](mailto:rperkins@haphousing.org)

CPA funding category

Check all that apply

☒ Community Housing

☐ Open Space

☐ Historic Preservation

☐ Recreation

**OVERVIEW OF PROPOSAL:**

HAPHousing is requesting an additional award of Town CPA funds, in the amount of up to \$250,000, to be used as part of the construction funding of its proposed new housing development, Olympia Oaks, at the end of Olympia Drive. HAPHousing believes that a Town commitment of such additional CPA funds will greatly enhance the project's chances of accessing the other funds needed to complete the project during the upcoming state funding round.

In 2010, HAPHousing and the Town of Amherst entered into a Land Development Agreement for a 13.5 acre parcel of town-owned land on Olympia Drive and since that time, HAPHousing has proceeded to undertake tasks that will lead to the development of 42 affordable family rental units there. The development team includes Valley Community Development Corporation, Kuhn Riddle Architects of Amherst, and Doucet & Associates (site engineers). Valley CDC is serving as a project consultant to HAPHousing and will participate in the ownership structure of the project. HAP, Inc. is serving as lead developer, project sponsor, and initial majority owner of the tenant entity to be created to ground lease the site from the Town. HAPHousing will manage the project once completed.

HAPHousing will build 42 new units, suitable for families; more than 75% of the units will contain two or more bedrooms. Three units will be fully handicapped accessible with accessible kitchens and baths to accommodate wheelchair-bound residents and three will be designed for the hearing impaired. Public areas, including the community room, will also be accessible. HAPHousing also plans to make the units as energy efficient as possible. It is intended that EnergyStar guidelines will be met.

**HOW THE REQUEST MEETS THE CPA CRITERIA:**

1. *Description of funding needed:* Up to \$250,000 of additional CPA funds for development
  - a. *Documentation of cost estimates.:* Please see development budget attached.
  - b. *Other sources of funding:*

The Town has demonstrated its sincere support for the project by awarding \$140,000 in CPA predevelopment funds and \$200,000 in CDBG predevelopment funds to date as well as

undertaking infrastructure improvements to the site. This earlier Town funding was for architectural planning, engineering and other early project costs. As detailed below, **HAP**Housing seeks additional CPA funds to help underwrite the total development costs of the project and increase the likelihood that Olympia Oaks will be awarded needed state funds in a timely manner.

In addition, HAP has received a commitment of \$100,000 in development funds from the Interfaith Housing Corporation, based in Amherst. HAP has also received \$40,000 in bridge funds for pre-development costs from NeighborWorks America.® The Community Economic Development Assistance Corporation (CEDAC) has also awarded up to \$400,000 in predevelopment bridge funding for the project.

In April 2011, **HAP**Housing applied to the Massachusetts Department of Housing and Community Development (DHCD) for the following:

- \$945,000 from Low Income Housing Tax Credits (annual)
- \$833,550 from state housing tax credits (annual)
- \$715,000 from state HOME funds
- \$1,000,000 from the Affordable Housing Trust
- 8 units of Section 8 project-based rental assistance, with 2 of these having a preference for those who have experienced homelessness

Competition for these limited resources is extremely tight and this first proposal was not funded. It is common for development projects like Olympia Oaks to submit more than one proposal before finally being funded. In January we will submit our second “One Stop” application for funding to DHCD and want to make our application as competitive as possible, in order to be one of only eight to ten projects that may be funded statewide in this next funding round.

One of the officials connected to this type of funding commented that in an ordinary funding environment, funding for Olympia Oaks in the upcoming One Stop round would be a “slam dunk”, due to the strong local support and the project’s advanced state of “readiness to proceed.” However, he noted that the funding environment has become exceptionally tight. Additional Town CPA funds, in amounts approximating those requested here, would further increase evidence of both local support and the project’s readiness to proceed as well as lower the likely demand on state resources, thus increasing the chances of being awarded development funding in the January 2012 funding cycle.

*c. Timeline on how CPA funds, if awarded, would be spent*

CPA funds will be combined with the state funds outlined above to become an integral part of the general project development budget, which includes all costs for construction and development, as detailed in the project pro-forma attached. (Some of the funding amounts requested last April may change somewhat in our January 2012 application. However, the types of funding will be substantially as shown above – see the attached draft revised project pro-forma.)

*d. Timeline for spending funds; expectation for spending over multiple years*

If HAP is able to obtain an award of Low Income Housing Tax Credit funding from DHCD after the January 2012 submission, it expects to close on that funding in the summer of 2012 and begin construction in the fall of 2012. If such a fall 2012 start can be launched, the additional CPA funds requested here would be applied to one or more of the initial construction requisitions in the fall or early winter of 2012.

If, for some unexpected reason, the Olympia Oaks project is unable to obtain development funding from the state in 2012, HAP will apply again at the next opportunity. The additional CPA funds requested here are for development (not predevelopment, as the prior Town CPA funds were), and so would only be spent when the housing development goes into construction.

## *2. Urgency of the Project*

As mentioned above, the funding environment for the state funds necessary to provide affordability for a rental housing project of this type has always been very competitive. At the present time, however, it is even more difficult to access these extremely limited resources in a timely manner. An additional commitment of Amherst CPA funds will help improve the project's ability to access state funds by demonstrating an even greater level of local support and, most importantly, reducing the amount of state funds needed.

It would be most helpful for HAP to have documentation of the commitment of CPA funds by January 15, 2012, or at least a letter from the CPA Committee recommending Town approval of the CPA funds, so that we can include it with our application to DHCD. This will greatly enhance the project's chances of accessing the funds needed to complete the project during the upcoming funding round.

## *3. Estimated timeline from receipt of funds to project completion*

We currently estimate that construction of the Olympia Oaks development will be completed within 12 months from the start of construction. If we can win an award of state funding and are able to start construction in the fall of 2012, the project will likely be completed, and substantially occupied, by the end of 2013.

## *4. Acquisition or preservation of threatened resources*

Not applicable

## *5. Population to be served by the Project*

Project residents will have to meet income requirements established by the funding sources. Specifically, all of the resident households at Olympia Oaks will have to have incomes below 60% of area median income. Beyond that, HAP has proposed to DHCD that eight units, representing 19% of the project's total units, be reserved for extremely low income households, those with incomes at or below 30% of area median income. HAP is also proposing that eight project based Section 8 subsidies be awarded by DHCD to Olympia Oaks, and that a preference for recently homeless households be created for two of these eight units.

6. *How the Project is prioritized by requesting Town committees or commissions*

During the Comprehensive Permit hearings for Olympia Oaks, the Housing Partnership / Fair Housing Committee (HP/FH Committee) issued a memorandum, March 24, 2011, regarding Olympia Oaks that “commend[ed] the Town and HAP for developing an affordable housing project that exceeds the State’s affordability thresholds and incorporates energy efficient design to create a place that will foster a sense of community and establish a welcoming neighborhood in Amherst.” The HP/FH Committee went on to state that “[t]he location is also appropriate for the development, such that the 42 units will fit nicely into the landscape, and with the additional site amenities – trails, gardens, playground, community building and informal gathering spaces – will encourage residents to socialize with one another and strengthen the neighborhood.”

On February 17, 2011, the Amherst Housing Authority (AHA) wrote to the Zoning Board concerning the Olympia Oaks project stating that “AHA board members strongly believe that our community needs this proposed housing development because it will meet some of the pressing demand for additional affordable housing in Amherst.”

On March 21, 2011 the Town Select Board wrote to the Department of Housing and Community Development regarding the Olympia Oaks development to express “strong Town support for affordable housing development at this site. We are very pleased to have HAP Housing and its team working on this project on Olympia Drive . . . The Town of Amherst fully endorses this project.”

As you know, last June, the Town Zoning Board of Appeals issued a Comprehensive Permit for the project.

7. *Other information regarding the project deemed necessary for CPAC*

## Olympia Oaks, Amherst, MA

Anticipated sources and uses, as of 12/8/11 (estimated)

### Sources of funds (estimated)

		<u>Notes</u>
Federal tax credit (LIHTC)	\$ 6,274,800	To be requested in second One Stop application to DHCD
State tax credit (affordable housing)	\$ 596,684	To be requested in second One Stop application to DHCD
Amherst CPA predevelopment funds	\$ 140,000	Already committed and expended
Amherst CDBG predevelopment funds	\$ 200,000	Already committed and expended
REQUESTED Amherst CPA development funds	\$ 250,000	<b>Requested here</b>
Interfaith Housing Corp. grant	\$ 100,000	Committed
Energy Star rebates	\$ 52,500	Will likely increase if we can achieve Tier 3 status
Affordable Housing Trust Fund	\$ 1,000,000	To be requested in second One Stop application to DHCD
Housing Stabilization Fund	\$ 1,000,000	To be requested in second One Stop application to DHCD
DHCD HOME funds	\$ 715,000	To be requested in second One Stop application to DHCD
Permanent debt	\$ 650,000	
<b>TOTAL PERMANENT SOURCES:</b>	<b>\$ 10,978,984</b>	
Interim sources:		
NeighborWorks America bridge funding	\$ 40,000	Committed
CEDAC predevelopment bridge funding	\$ 400,000	Committed
Construction loan	\$ 3,305,417	
Total interim sources to be paid out of permanent sources	\$ 3,745,417	

Costs are estimated based on (i) similar recent HAP projects, (ii) current architectural/engineering contracts and change orders, and on (iii) received and anticipated invoices for predevelopment items;

### Uses of funds (estimated)

#### Acquisition

\$0 Property will be ground leased from Town for annual payment

#### Hard Costs:

Direct Construction (total hard costs) \$7,815,675 Includes housing development hard construction costs + contingency + Olympia Drive upgrade (estimated)



<b>Soft Costs:</b>	
Construction Loan Interest	\$122,694
Architecture & Engineering	\$757,165
Survey and Permits	\$39,000
Clerk of the Works	\$47,115
Environmental Engineer	\$17,450
Bond Premium	\$0
Legal	\$125,000
Title and Recording	\$35,000
Accounting & Cost Certificat.	\$45,000
Marketing and Rent Up	\$65,000
Real Estate Taxes	\$0
Insurance	\$56,538
Relocation	\$0
Appraisal	\$15,000
Security	\$25,000
Inspecting Engineer	\$32,000
Financing Fees	\$78,680
Development Consultant	\$150,000
CEDAC interest	\$37,000
DHCD state credits fee	\$2,557
Developer's Overhead	\$574,045
Developer's Fee (Net)	\$424,045
Soft Cost Contingency	\$165,020
Contribution to Reserves	\$350,000
Subtotal Soft Costs, Fees	\$3,163,309
<b>TOTAL USES</b>	<b>\$10,978,984</b>

Taxes anticipated to commence upon construction of improvements. (See original Town Feasibility Study)

Site is vacant land

Town did some preliminary environmental diligence.

To be included in direct construction cost